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Summary of Committee Substitute for House Bill 2 by Senator Florence Shapiro Monday, April 25, 2005

1. Statewide Property Tax:

- Implements a phase-in that provides certainty for school districts and their budgets for a transitional year. In 2005-2006, reduce property taxes by 20 cents to \$1.30 and provide schools with a minimum increase of \$50 per ADA.
- In 2006-2007, reduces property taxes by 20 cents to \$1.10.
- Sets a statewide property tax at \$0.85 with local districts collecting the tax, along with the ability to set a local tax rate of up to \$0.25.

2. \$4,000 Teacher Salary Increase:

- Provides a \$1,000 across-the-board pay raise for teachers in addition to restoring the \$1,000 health insurance supplement as salary for teachers in 2005-2006.
- Contingent on the passage of the statewide property tax, teacher salaries could increase another \$1,500 in 2006-2007, with an additional \$500 average increase per teacher for performance-based incentives.
- This brings Texas to the national average for teacher compensation.

3. Significant Access to Local Enrichment Funds:

- Allows local enrichment for up to \$0.15 over 6 years which can be accessed at a rate of \$0.05 per biennium upon approval by a vote of the citizens.
- Guarantees a yield in the 90th percentile in 2006-2007 with increases of 1% per year each year after that up to the 94th percentile.

4. Revamped Charter School System:

- Dissolves all open-enrollment charters on August 1, 2006 and automatically grants new status as 'public charter districts' to those entities previously operating open-enrollment charter schools who meet certain standards for academic performance and whose assets exceed liability.
- Ensures accountability by requiring charters to operate in a manner so that TEA may assign an accountability rating as they do for all public schools.
- Promotes excellence by providing instructional facilities allotments of up to \$1,000 per student to public charter campuses that have achieved exemplary or recognized ratings for multiple years.

5. Updated Formulas:

- Modernizes the formulas by which we fund our schools.
- Updates the Cost of Education Index over a six year period.
- Maintains weighted adjustments for special populations.
- Increases funding for bilingual education and specifically flows dollars to compensate for the increased costs of educating limited English proficient (LEP) students who enter in secondary grade levels.

6. Educational Reform with the P-16 Pipeline in Mind

- Sets the stage for all Texas high school students to earn college credit through completion of the high school curriculum.
- Links K-12 schools and institutions of higher education through the electronic exchange of student records.
- Rates schools on their ability to prepare students for post-secondary success.
- Provides state funding for students who choose to take college entrance exams such as the SAT or ACT and provides funding for schools that choose to administer college preparation diagnostic assessments to students.
- Provides tools and assistance to low performing schools that fall below expectations so that they can improve and succeed.
- Strengthens financial accountability by requiring TEA to link a districts financial health with academic performance and defines direct instructional and indirect instructional costs.